

SCOTTISH HOME DEPARTMENT  
LOCAL GOVERNMENT ACT, 1948

Report of the Committee appointed  
to investigate

THE OPERATION OF THE  
EXCHEQUER EQUALISATION  
GRANTS IN SCOTLAND



EDINBURGH: HER MAJESTY'S STATIONERY OFFICE  
1953

## *Constitution of the Committee*

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## I. Origin and Scope of Committee's Review

1. Section 30 of the Local Government Act, 1948, provides that the Secretary of State, in consultation with such Associations of local authorities as appear to him to be concerned and with any local authority with whom consultation appears to him to be desirable, is to cause investigations to be made at periodical intervals into the working of Part II of the Act (due regard being had amongst other things to the sums falling to be paid to local authorities under Part V of the Act). The first investigation was to take place in the year 1952-53 or such later year not later than 1955-56 as the Secretary of State may determine. A report of the result of any investigation under this section is to be laid before Parliament.

2. In reply to a Parliamentary Question of the 13th March, 1952, enquiring whether he was prepared to institute an investigation into the working of the Exchequer equalisation grant in Scotland, the Secretary of State replied :—

“ Yes, Sir. I have decided to carry out an investigation into the operation of the equalisation grant in Scotland and discussions as to its scope are now proceeding with representatives of the local authority Associations. It must, however, be understood that the Government do not contemplate an increase in the heavy burden of grant at present carried by the Exchequer.”

3. A Working Party upon which the local authority Associations and the Scottish Home Department were represented was set up in January, 1952, to consider the scope of any investigation into the Exchequer equalisation grant arrangements. The Working Party recommended that the investigation should include consideration of the following matters :—

(a) Level of standard rateable value in Scotland as compared with that for England and Wales.

(b) Relation between Capitation Grants in landward areas and small burghs, particularly in counties in which the amount of Capitation Grants exceeds the Equalisation Grant or there is no Equalisation Grant.

(c) Weighting factors for children and sparsity.

(d) Relation between Equalisation Grant and New Development.

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4. The Minister of State met representatives of the local authority Associations on 28th July, 1952, to consider the recommendations of the Working Party and the arrangements for a review of the working of the equalisation grant. The Associations accepted the recommendations of the Working Party, and agreed to nominate representatives to serve on a Committee to assist in the investigation. It was also agreed that the Committee should be asked to give priority to the question of the adequacy of the 25 per cent. addition to the standard rateable value for England and Wales and, if necessary, submit an interim report on it ; and that individual local authorities and persons could make representations to the Investigation Committee.

## II. Comparison between level of rateable value in Scotland and in England and Wales

5. We considered this question at our first two meetings and decided that an interim report should be submitted to the Secretary of State and to the local authority Associations setting out for consideration the case for an immediate revision of the total Scottish grant.

6. A copy of our Interim Report, which was submitted to the Secretary of State and the Associations in January, 1953, is attached (Appendix A). The report set out the main facts which support a conclusion that the present addition of 25 per cent. to the English rateable value per head is too low, and the reasons why a precise figure cannot be determined at the present time ; and discussed what grant arrangements should be made for Scotland if this conclusion were accepted. We agreed that, since for the time being no precise arithmetical measure can be found of the difference between the levels of rateable value in Scotland and in England and Wales, if additional assistance is now to be provided for Scottish local authorities it must be determined on some other basis ; and we suggested that this should be the Goschen equivalent of 11/80ths of the equalisation grant which is payable in any particular year to local authorities in England and Wales. The Goschen formula has for long determined the amount of the education grant in Scotland, and it has been used for other purposes in connection with local government and in other spheres.

7. At a meeting between the Minister of State and the Scottish local authority Associations held on 11th May, 1953, the Associations asked unanimously that the Goschen proportion should be adopted as an interim measure pending a revaluation of property in England and Wales, when the possibility of making a new arithmetical comparison between the levels of rateable value in Scotland and in England and Wales might be considered. On 7th July, 1953, the Secretary of State made a statement about the matter in the House of Commons as follows :—

“ A Committee consisting of representatives of the three associations of Local Authorities and of my own department have been examining the whole matter. They submitted an interim report in January which demonstrated that the addition of 25 per cent. which is at present made to the English standard rateable value for the purpose of calculating the grant to Scottish Local Authorities, is unfair to Scotland. The Committee concluded that as for the time being no precise arithmetical measure can be found of the difference between the levels of the rateable value in the two countries, the total grant to Scottish Local Authorities should, as an interim measure, amount to the Goschen equivalent of 11/80ths of the grant payable in any particular year to local authorities in England and Wales. On the basis of the 1951-52 figures this would increase the total grant payable to Scottish Local Authorities by about £1.7 million a year.

“ The Government intend to propose early legislation providing as an interim measure for an alteration in the basis of the grant on these lines. I understand that the investigating committee will submit a final report on other aspects of their inquiry almost immediately.”

## III. Future investigations into the Equalisation Grant

8. In May, 1953, the Secretary of State appointed a committee under the chairmanship of Lord Sorn to review the Scottish system of valuation and rating and the level of valuation in Scotland may be affected as a result of that committee's findings.

9. Under Section 30 of the 1948 Act further investigations into the working of the equalisation grant are to be held in every fifth subsequent year after the first investigation. We consider, however, that an earlier investigation may be

necessary in the light of the results of the revaluation in England and Wales and of the rating enquiry in Scotland, and therefore recommend that section 30 should be amended to permit of a further investigation being carried out before the expiry of five years if the Secretary of State so determines.

#### IV. Distribution of Grant

10. We recognised in our Interim Report that if an adjustment were made on the basis of the Goschen formula difficult questions relating to the distribution of the additional money which would become available in Scotland would have to be examined. This has presented us with difficult problems, most of them inter-related, and for this reason it is not easy to set out the issues as clearly and simply as we would have wished. We propose to deal first with weighting factors, then with the relation between the grant and local authority housing, next with capitation payments and finally to consider the general basis of grant distribution.

##### (a) WEIGHTING FACTORS

11. Equalisation grant is calculated by reference to the rateable value per head of weighted population of the local authority. In the present formula population is weighted for two factors, viz., children and sparsity. The weighting for children is effected by adding to the total population the number of children under 15 and for sparsity by adding in those counties in which the population per mile of road is less than 70, one-third of the additional population required to bring the figure up to 70. We have considered whether these factors should be revised, or other factors introduced into the formula.

##### Children.

12. The effect of adding the number of children under 15 to the total population is to increase the grant payable to areas in which the proportion of children to the total population is greater than the average. No proposals for a change in the weighting for children have been made to us and no change is proposed in England and Wales. We propose that the weighting for children should remain unchanged.

##### Sparsity.

13. The present sparsity factor benefits 16 counties out of 31. We considered what the estimated effect would be of applying to Scotland a proposed revised weighting for sparsity which had been suggested for England and Wales. From calculations which had been made it appeared that the largest gains would accrue to those counties already in receipt of the largest percentage rates of equalisation grant. We are of opinion that there is no *prima facie* case for revision of the sparsity factor in the Scottish grant formula.

##### Unemployment.

14. The formula for the calculation of the former "block grant" included a factor for local unemployment, and it has been suggested that such a factor should be introduced into the calculation of the Exchequer equalisation grant. We do not minimise the concern which is felt about the generally higher level of unemployment in Scotland as compared with England and Wales and the persistent continuance of serious local unemployment problems in some parts of Scotland. Happily, however, unemployment is far below the levels of the years before the war, and the payment of outdoor relief, which in those years was a heavy burden for local authorities, has now been transferred to

the Exchequer. We do not consider, therefore, that in present circumstances unemployment represents a burden on local authority finances which should be equalised through the grant formula.

### **Decreasing Populations.**

15. It is proposed that in England and Wales the population should be weighted by adding one-quarter of the number by which the fall in population over a period of 15 years ending in the grant year exceeds five per cent. of the population in the first year of the 15 year period. The reason for this is that where population declines heavily, costly services have, nevertheless, to be maintained and there is no corresponding reduction in expenditure. We were informed that the effect at present of applying a similar formula in Scotland would be that four counties and two large burghs would derive benefit, but the gain would be small ranging from the equivalent of a rate of 0.13d. in Greenock to 2.26d. in Caithness, based on calculations for the year 1951-52. We agreed, therefore, that it was not worth while to introduce this factor into the Scottish formula.

### **Increasing Populations.**

16. Special problems arise where there is planned migration and new towns are established, as completely new services have to be provided at post-war costs in advance of the full benefits to the area of additional rateable value. This is a difficulty which affects counties as the burghal areas are not faced with the rapid development of local services which is necessary in purely landward areas.

17. To meet this problem, the Committee for England and Wales have recommended that the population of a county should be increased to the extent of twice the number by which the increase in civilian population over a period of five years preceding the grant year exceeds five per cent. of such population in the first year of the five year period. If a similar weighting had been in operation in Scotland in the year 1951-52, it has been calculated that two counties would have benefited, viz., Clackmannan (gain equivalent to a rate of about 4d.) and Midlothian (1d.). It appears to us to be a reasonable assumption that the benefit might increase in later years as new communities continue to be built up and we propose, therefore, that the weighting recommended for England and Wales should also apply in Scotland. In reaching this conclusion, we had in mind that while the two counties which would benefit on the basis of present calculations have to provide housing and other facilities for large influxes of miners, they are not within the scope of the New Towns Act.

### **Housing.**

18. A proposal was made to us that some weighting should be introduced to help those areas in which the cost of housing is excessive. It was pointed out that some local authorities have to provide proportionately many more new houses than others. This not only creates a serious financial burden, but the new rateable value reduces the equalisation grant payable to the local authority concerned. We fully appreciate the serious financial difficulties which a large new housing programme imposes on many Scottish local authorities, and that this is a problem which has greater significance in Scotland than in England and Wales. There are, however, many other factors to be taken into account and we are not satisfied that we are justified in recommending a special weighting for housing developments in excess of the average. We agree, however, that the situation should be closely watched and that the matter may require to be considered further at the next investigation.

## **(b) RELATION BETWEEN EQUALISATION GRANT AND LOCAL AUTHORITY HOUSING**

19. The rent which a local authority charges for houses it has erected and owns is entirely under its own control. Section 73 (6) of the Housing (Scotland) Act, 1950, provides that the gross annual value of local authority houses is not to exceed the rent (exclusive of occupier's rates) as fixed under the Act, and no account is to be taken of any rebate from the rent so fixed. The rateable value of local authority houses is the same as the gross annual value. The amount of rent charged on a local authority's own houses therefore directly affects both the local authority's own liability for owners' rates and also the total rateable value of its area, and thus incidentally, the proportion of county general expenditure which it attracts, and the rateable value per head of its weighted population. Thus, if rents are raised the rateable value per head of population rises also, and the amount of equalisation grant payable to the authority is reduced. There is therefore a strong deterrent to the raising of rents of local authority houses, and local authorities whose rents are relatively high are penalised as compared with those which adopt a low-rent policy.

20. We are satisfied that it is wrong in principle that a local authority should be able, by its own decision as to the level of rents of local authority houses in its area, to influence the amount of its credited rateable value. We therefore recommend that in calculating equalisation grant the rateable value to be taken in respect of each local authority house shall be, in future, the average rental for the preceding year of all houses erected by local authorities in Scotland under the Housing Acts. The effect of this proposal would be to modify the amount of grant payable to individual authorities without changing substantially the total sum payable to all authorities.

## **(c) CAPITATION PAYMENTS**

21. At our first meeting we appointed a Sub-Committee to consider the arrangements under which capitation payments are at present paid to small burghs and the landward areas of counties. A copy of the Sub-Committee's report is appended (Appendix B).

22. Under the existing system, equalisation grants are calculated for counties as a whole, including the small burghs, but under Section 25 of the Act of 1948 capitation payments are made by the Secretary of State to each small burgh and to each county council for behoof of the landward area. These payments are deducted from the equalisation grant payable to a county where the grant is sufficient to cover the payments. Where no grant is payable, or where the grant is insufficient, the amount of the capitation payments or the balance of the payments as the case may be is recovered from the county council, and any sum so recovered is deemed by the county council to be expenditure on functions for which small burghs are included within the county. The amount per head payable to a small burgh in any year is ascertained by dividing one-half of the aggregate of the equalisation grants payable to counties for the year by the total population of all counties. In the case of landward areas, the amount per head is two-thirds of that payable to small burghs.

23. The balance of any grant payable to a county after deduction of the capitation payments due to the small burghs and the landward area is applied towards meeting the expenditure of the county (other than any part thereof apportioned and allocated to large burghs in respect of education or police) on all purposes for which the county council exercise functions throughout the whole county including the small burghs therein. This balance, therefore, benefits the landward area and the burghs uniformly according to their respective rateable values. The Sub-Committee, for the reasons set out in

their Report, came to the conclusion that the system of capitation payments, calculated on the basis of the capitation sum multiplied by the population without regard to differences in rating resources, is at variance with the principles on which the equalisation grant rests.

24. With one dissentient we agree with this conclusion and recommend that the existing system of capitation payments should be discontinued. In doing so, we recognise that the practical effect of the abolition of the present differential bases of capitation payments (the landward area rate being two-thirds of that of the small burghs) will be of benefit to the landward areas at the expense of the small burghs. One of our members wishes to record that he is unable to agree with the cessation of the long-standing system of capitation payments in view of the unfavourable effect of the change for small burghs.

#### (d) APPORTIONMENT OF GRANT

25. Under the present arrangements the grant is payable to counties (inclusive of small burghs) and large burghs whose financial resources are below a minimum standard measured by reference to rateable value per head of weighted population. Grants to large burghs are paid direct to the town council, but in the case of counties, the grant is calculated for the county as a whole and separate capitation payments are made to each small burgh and to the county council for behoof of the landward area as described in paragraph 22 above.

26. We have considered whether we should propose fundamental changes in the basis of distribution of the grant. Some members of the Committee are not satisfied that the calculation of the grant towards the general expenditure of local authorities by reference to rateable value per head of weighted population is the right way of achieving equalisation or of meeting the relative needs of the local authorities. We do not all agree, however, that the basic principles of the grant are wrong, or as to any different principles that might be put in their place. We therefore think that, pending the outcome of the revaluation of properties in England and Wales and any changes which may result from the deliberations of the Scottish Valuation and Rating Committee, the grant should continue to be paid broadly on the present principles, subject to the changes which we have suggested elsewhere. We have, however, felt it desirable to examine various possible methods of allocating the available funds which are not inconsistent with these principles. In particular we have considered the following possible schemes :—

(a) The total allocation of grant to each county and each large burgh would be determined as at present, except that the standard rateable value used in making the calculation would be the notional figure required to absorb the total Scottish grant instead of the figure for England and Wales increased by 25 per cent. In the case of a county the allocation thus determined would be apportioned, on the basis of expenditure, among (i) the county council in respect of joint landward and small burgh services ; (ii) the county council in respect of landward services administered by them ; (iii) the town councils in respect of small burgh services ; and (iv) the district councils (see also paragraph 44 below) in respect of district council services. The whole of the expenditure incurred by local authorities in the county is aggregated in determining the grant to be made available to the county and it would seem consistent with this that the grant should be applied evenly in relief of that expenditure.

(b) to adapt the scheme suggested by the Investigating Committee for England and Wales under which equalisation grant would be paid on the present basis (as amended)—

(i) to town councils of large burghs ;

(ii) to county councils on county general expenditure (excluding that part of it allocated to large burghs) ; and

(iii) to the town councils of small burghs, and to county councils in respect of the landward area, on other expenditure.

If the scheme proposed for England and Wales were followed the grants to the town councils of small burghs and to county councils in respect of the landward area would be calculated on a standard rateable value per head of unweighted population. We think, however, that in Scotland—having regard to the burden of expenditure on unclassified roads and other services in the landward area—it would be right to use the weighted population in calculating these grants. If this were to be done, however, further consideration would have to be given to the sparsity factor to be used in calculating the weighted population of the landward areas.

(c) We think, however, that neither of the above methods of distribution would take full account of the different resources of the small burghs and landward area in each county. With one exception, the local authority members of the Committee therefore favour a recommendation by the Sub-Committee on capitation payments that equalisation grants should be calculated separately by the existing formula (as amended) for each landward area and small burgh, that these grants should cover the county general expenditure allocated to these areas, and that county requisitions should be allocated on standard rateable value or actual rateable value, whichever is higher. They consider that by this scheme the test of need would be applied directly and individually to the local authorities responsible for levying the local rates. In their view it is fundamentally and completely logical that joint expenditure should be allocated on standard rateable value, and they feel that an amendment of the appropriate provisions of the Local Government (Scotland) Act, 1947, ought to have been made in the 1948 Act at the outset. The departmental members recognise the strength of the case for the Sub-Committee's proposals and do not dissent from them. They note, however, (a) that, whereas equalisation grant is now paid—except in the case of the education and police services in large burghs—to the authority administering the services to which it is applicable, it would, under the Sub-Committee's scheme, be paid to the rating authority whether or not it is also the administering authority ; and (b) that the proposed 11/80ths basis for the Scottish grant is intended to apply for an interim period only and that should the calculation of the Scottish equalisation grant return to the original basis the effect on the Exchequer liability of the allocation of county general expenditure on standard rateable value or actual rateable value, being higher, would have to be considered.

27. Of these three schemes we recommend the third ; and we append a table (Appendix C) which illustrates the effect it would have had if it had been in operation in the year 1951-52. In the preparation of the table it has been assumed that the equalisation grant for that year was 11/80ths of the grant for England and Wales ; that the changes we recommend as regards the weighting of population and the rateable value of local authority houses had been made ; and that standard rateable value if higher than actual rateable value was used for allocating county general expenditure and in calculating the rate deduction in the education grant formula and the payments to local authorities under Part V of the Act of 1948 (for which see paragraphs 39 and 42 below). The figures given in the table are intended to show only the general effect of the scheme. The rates quoted in many cases differ considerably from the rates actually levied in 1951-52 : they are the rates which would have been required to meet the estimated expenditure actually falling on the rates in that year under the existing law and under the scheme we recommend ; it must not be assumed that the position in any area would be similar in any later year. It

will be noted that under the scheme some authorities would lose—in some cases considerably. Appendix D shows those areas in which the scheme would have meant a loss in the year 1951-52 equivalent to a rate in excess of 1/- in the £. Such losses are inevitable in a change-over to new principles and we consider in paragraph 29 below what transitional arrangements should be made to minimise the losses where they would otherwise cause hardship.

28. On the assumption that the grant will be paid to Scottish local authorities on the Goschen basis as from the 16th May, 1953, and that the recommendations put forward in paragraph 26 (c) are accepted, we recommend that our proposals for new factors in the grant formula and for the abolition of capitation payments should also take effect in the current financial year. We think, however, that, as county requisitions have already been issued and rate poundages fixed, the retrospective introduction of requisitioning on standard rateable value if higher than rateable value during the current year would cause grave difficulties in many areas and we therefore recommend that it should be introduced in 1954-55 when local authorities will be able to budget for the changes involved. If this is done we think that the simplest method of distributing the grant in 1953-54 would be that described in paragraph 26 (a) above and we recommend that it should be adopted as an interim arrangement for this year only. On the 1951-52 figures this method of distribution would involve 26 authorities in rate deficiencies, which would exceed a shilling in only two cases. We recommend that in 1953-54 a special grant should be paid to all these losing authorities to cover the deficiencies, the sum involved being deducted from the total grant available.

29. In addition to this special grant to meet the special circumstances of 1953-54, we recommend that transitional grants should be paid until the next investigation to authorities whose estimated losses in the first year of the complete operation of the new system (i.e., 1954-55) exceed the equivalent of a rate of one shilling; such grants should be of the amount necessary to reduce the estimated loss to the equivalent of a rate of one shilling. We understand that the sum required to make such payments, which would be deducted from the total grant available, would be of the order of £50,000 on the basis of 1951-52 figures.

30. In order to calculate these transitional payments and to determine among which authorities the cost of them should be spread a formula will require to be accepted by which gains and losses are to be measured. We consider that for such payments in 1954-55 and subsequent years account should be taken only of gains and losses which can reasonably be attributed to the introduction of our proposals as a whole, including the transfer of the Scottish grant to the Goschen basis. We recognise that the gains and losses so determined may be divergent in some areas from the trend of actual revenue and expenditure owing to the operation of other factors, local or national, with which this report is not concerned. We suggest, as the most simple means of bringing out the effect of our proposals on individual authorities, that a calculation should be made showing the effect on the rate poundages in each area of all our proposals taken together as if they had operated in 1952-53. Any loss so brought out would be taken as the basis of the transitional payments. We consider that the same principle, with adjustments to meet the different circumstances, should be adopted for determining the entitlement to special payments of the few authorities affected under our interim proposals for 1953-54.

#### **Notional Standard Rateable Value per head.**

31. The three methods of allocation which we have considered in paragraph 26 all involve fixing a notional standard rateable value per head for the

purpose of absorbing the available grant. We are aware that a scheme has been recommended in England and Wales, as an interim arrangement designed to meet criticisms which have been made in regard to inequalities in valuation in that country, under which a notional average rateable value per head of weighted population would be fixed in excess of the actual average. This would have the effect of increasing the number of authorities in receipt of grant and reducing the amount payable to others already receiving grant. We have considered the possibility of similarly fixing the notional rateable value to be adopted in Scotland at a higher level than would be necessary to absorb the sum available. Some of our members favour such an arrangement because they think that the difference between the levels of valuation in England and Wales and Scotland may be found to be greater than that represented by the notional figure which will absorb the total Scottish grant. Fixing a higher notional rateable value would bring additional local authorities into benefit ; and provision would require to be made to ensure that the consequential reduction of the grant payable to authorities already in receipt of grant did not operate to leave any authority with a smaller grant than it would receive under the law as it now stands. The majority of our members do not feel, however, that we should be justified in making a proposal on these lines for fixing the notional rateable value at an arbitrary level.

## **V. Relation between Equalisation Grant and level of local authority expenditure**

32. The equalisation grant is in effect a percentage grant ranging in Scotland from nothing to about 70 per cent. It has been suggested that it is wrong in principle that a Government grant payable at a high percentage rate should not be accompanied by any form of scrutiny of the expenditure to which it relates, apart from that already in force for other purposes. The Public Accounts Committee commented on this question in their Fourth Report in Session 1950, and subsequently.

33. We are informed that there is no evidence that the equalisation grant has in fact resulted in extravagance. Nevertheless, in the knowledge that the Committee for England and Wales have agreed in principle to recommend that a limiting factor should be introduced into the grant formula as a safeguard to the Exchequer, we have considered whether similar arrangements should not be made in Scotland even though there would be no Exchequer interest during such period as the total Scottish grant payments are linked to England and Wales by the Goschen formula, as suggested in our interim report.

34. We had before us a proposed scheme, the essential feature of which is that there would be a disallowance of grant to authorities whose rate of expenditure increased in a particular grant year either—

(a) to a rate above the average for authorities of a similar class if its expenditure were below the average in the "base period," or

(b) if its rate of expenditure were above average in the "base period" by a percentage which exceeded any increase in the average over the same period.

35. After considering the implications and probable effects of the proposed scheme we have come to the conclusion that it is not necessary for the present to introduce a limiting factor into the grant formula. In this we are influenced by the considerations that if, and so long as, the Scottish grant is a fixed proportion of the total grant payable in England and Wales, there would be

no Exchequer interest in limiting the grant payable to individual local authorities and that the local authority representatives on the Committee do not desire such a scheme to be introduced in their own interests. We are agreed, however, that if the Scottish grant becomes payable on any other basis a scheme of limitation will require to be considered again.

## VI. Education Grant

36. The Committee have had before them various statements prepared by, and at the request of, the City Chamberlain of Edinburgh with regard to the education grant. The statements showed that, with few exceptions, of which Edinburgh was outstanding, all the large losses resulting from the change in the education grant formula in 1948 occurred in the Highland counties. The losses in those counties were due mainly to the discontinuance of the special crofter counties education grant and partly due to the fact that the new formula abolished the "teacher grant." While the Highland counties lost on education grant they gained on the equalisation grant, but this did not apply to Edinburgh. Inverness Burgh, which benefited from the crofter counties education grant paid to the county, also lost by the change as it does not now qualify for equalisation grant. It was pointed out that authorities whose financial resources were under-average had their resources brought up to the average by the equalisation grant and that for this reason it was difficult to understand why the rate deduction in the education grant formula had been increased. The statements prepared showed also that the effect of reducing the rate deduction to the former figure of 5d. was that many authorities would lose, but most of the authorities not in receipt of equalisation grant, particularly Edinburgh, would gain. The authorities which would lose gained heavily under the 1948 settlement as a whole.

37. It was suggested that logically any rate deduction should be on the effective rateable value, that is to say, on standard rateable value or rateable value if higher, and that the case for such a change would be strengthened if the suggestion made in paragraph 26 (c) above that county requisitions should be allocated on standard rateable value or actual rateable value, if higher, is accepted.

38. It was pointed out to the Committee that the equalisation grant and the change in the education grant formula were settled concurrently in 1948 as part of the general financial settlement, which had regard to the gains to local authorities from the transfer of services to the State, and that the level of the rate deduction in the education grant formula took account of these changes. So long as equalisation grant is determined by the Goschen formula a change in the allocation of the education grant would not affect the total equalisation grant payable by the Exchequer, but if there should be a subsequent variation of this interim arrangement there might well be an Exchequer interest which would have to be considered.

39. The only recommendation which we wish to make with regard to the education grant, which is not strictly our concern, is that if our proposals for the abolition of capitation payments and for the basis of the allocation of county expenditure are accepted, the deductions in the education grant formula should be on standard rateable value if higher than actual rateable value. This recommendation does not, of course, preclude the Associations, if they wish, from considering the matter further with the Scottish Education Department in the light of our other conclusions.

## VII. Miscellaneous

### **Payments in lieu of rates by the British Transport Commission, the British Electricity Authority and the North of Scotland Hydro-Electric Board under Part V of the 1948 Act.**

40. Under Part V of the 1948 Act, electricity and railway undertakings were taken out of the valuation roll and in place of the rates formerly paid the British Transport Commission, the British Electricity Authority and the North of Scotland Hydro-Electric Board each contribute annually sums based on the rates paid in 1947-48, the amount of the contribution being adjusted each year in accordance with a formula laid down in the Act and Regulations. These contributions are payable to the local authorities in proportion to their respective rateable values. The effect of this method of distribution is that some authorities receive more, and others less, than they formerly did by way of rates. Moreover an authority does not benefit directly from new development in its own area.

41. Under Part II of the Act, however, the equalisation grant has the effect of bringing the rating resources of counties (inclusive of the small burghs therein) and large burghs up to the national average. Any loss of rateable value resulting from the removal of railway and electricity undertakings from the valuation roll is, therefore, in the case of local authorities receiving equalisation grant reflected in that grant except to the extent that the rateable value lost might have brought a local authority's rateable resources above the national average. The extent to which the loss of rateable value is made up is affected, however, by the proportion which the loss in a particular area bears to the average loss.

42. The Committee were furnished with statements showing (a) the amount of the payments each year by the British Transport Commission, the British Electricity Authority and the North of Scotland Hydro-Electric Board and details of the calculation of these amounts, and (b) the amount of rates received by each county and large burgh in 1947-48 in respect of subjects excluded from the valuation rolls by Part V and the amount received by each county and large burgh from the pool in 1948-49 and subsequent years. There is room for argument as to the most equitable way of distributing these payments; and the subject is one on which our members hold divergent views. We think on the whole that, having regard to the recommendations we have made for the allocation of county expenditure and for the making of deductions under the education grant formula on the basis of standard rateable value if higher than actual rateable value, this principle should be extended also to payments under Part V of the Act.

### **Position of District Councils.**

43. We have had before us a letter addressed to the Secretary of State by the District Councils' Association for Scotland on the 25th August, 1952. This expressed the view that it is illogical that the county council, but not the district council itself, should receive grant on district council expenditure, and represented that district councils are thereby placed at a disadvantage, especially in times of rising costs; a resolution in the following terms had accordingly been approved at the Annual Conference of District Councils:—

“As the district council rate is placed in an unfair comparison with other local authorities' rates through lack of receiving any grant under the Exchequer Equalisation Rate Grant and as the district council expenditure on maintenance costs remains unaided by grant aid Part Two of the Local Government

Act, 1948, be amended to allow the district council receiving its share of any grant aid in proportion to its expenditure against the expenditure of the appropriate county council especially as the expenditure of the district council is included in the county council expenditure in calculating the grant due to the county council."

In a further letter dated the 7th November, 1952, the Association suggested that grant on the expenditure of district councils should be paid either to district councils direct or by county councils from the grant payable to them. The matter was again discussed by the District Councils' Association at their annual conference this year, when two resolutions were adopted calling for the amendment of the 1948 Act to provide for a district council to receive a share of the county grant in proportion to its expenditure against the expenditure of the appropriate county council.

44. We have carefully considered the representations made by the Association. While the ratepayers in the district council areas share, as county ratepayers, in the grant attracted by the expenditure of the district councils, it may be thought unfair that ratepayers in the area of a district council which incurs substantial expenditure benefit no more by way of grant than those in a district in which expenditure is negligible. Accordingly we recommend that arrangements should be made for payments to district councils by county councils from the grant payable to them. We propose that the payments should be such proportion of the county grant as the amount of the district council's expenditure included in the expenditure of the county attracting grant bears to such county expenditure.

#### **Expedition of settlement of the Grant.**

45. Under the present arrangements for the payment of the grant, it is not possible to calculate the grant payable to any authority for any year until all the factors—population, rateable value, and expenditure—which enter into the calculations have been finally settled. There is, in particular, a considerable lapse of time before the accounts of some local authorities are completed and audited, with the result that the ascertaining of the amount of the expenditure ranking for grant is delayed. In practice it is about two years after the close of any local financial year before it is possible finally to calculate the grant for any authority. Some concern has been expressed about the delays involved in the final settlement of the grants, but we are unable to suggest any alterations in the present arrangements which are likely to be generally acceptable. We would, however, stress the importance of the submission by local authorities of realistic estimates of expenditure and rateable value for the purposes of the provisional calculation of grant, thereby avoiding substantial adjustments of grant at a later date.

#### **Relationship of Equalisation Grant to other Exchequer Grants.**

46. Payment of grant on the expenditure of large burghs for the maintenance of classified roads was discontinued under the Local Government (Scotland) Act, 1929. The absence of such a grant has been the subject of repeated representations by the large burghs. We think it right to observe that our proposals do not remove or in any way alleviate this complaint.

#### **De-rating as affecting the allocation of grant.**

47. It has been suggested that the method of distribution does not take account adequately of differences in local resources which arise from de-rating, a factor which was included in the calculation of the former block grant but was omitted from the formula in 1948. Some of the authorities which receive no equalisation grant have considerable de-rating losses, while others which

receive substantial amounts of grant have relatively little de-rating. Moreover, as the standard to which the resources of grant-receiving authorities are raised is the average rateable value per head after giving effect to de-rating, the equalisation grant does not contain true compensation for such losses. We do not feel, however, that we can make any proposals concerning the allocation of the grant to take account of de-rating. This problem would be outwith the scope of our remit.

### General Reservations.

48. While individual members of the Committee have expressed views, contrary to the majority on some matters our recommendations, except where otherwise stated, are put forward with general approval. We wish to emphasise, however, that the effect of all the changes we have suggested will require to be very carefully watched to see how they work out in practice, and some of them may require further consideration at the next investigation.

## VIII. Summary of Conclusions and Recommendations

49. Our recommendations may be summarised as follows :—

(a) The present addition of 25 per cent. to the English rateable value per head is too low ; pending revaluation in England and Wales the Scottish grant should be the Goschen equivalent of the grant for England and Wales (this has been agreed). (Interim Report and paragraphs 6 and 7 above).

(b) A grant so determined should be distributed by reference to a notional rateable value per head of weighted population which would, on the basis of the existing principles of the grant and subject to such modifications as are recommended elsewhere in this report, absorb the sum available (paragraph 31).

(c) In view of the burdens imposed by planned migration and new towns, a new factor should be introduced in the calculation of weighted population. In that calculation, the population of a county should be increased by twice the number by which the increase in civilian population over a period of five years preceding the grant year exceeds five per cent. of the population in the first year of that period (paragraph 17).

(d) It is wrong in principle that a local authority should be able, by its own decision as to the level of rents of local authority houses in its area, to influence the amount of its credited rateable value. In the future calculation of equalisation grant a notional rateable value should therefore be taken for each such house : it should be the average rental for the preceding year of all local authority houses in Scotland (paragraph 20).

(e) The existing system of capitation payments should be discontinued (paragraph 24). Consequentially, equalisation grants should be calculated separately by the existing formula (subject to the changes suggested in the Report) for each landward area and small burgh ; these grants should cover the county general expenditure allocated to these areas, and county requisitions should be made on standard rateable value or actual rateable value, whichever is higher. Transitional arrangements should be made to minimise the losses of some authorities due to the change-over to new principles (paragraphs 27 and 29).

(f) To avoid difficulties in the current year if the grant is increased from 16th May, 1953, the proposed changes in the method of requisitioning should be introduced in 1954-55. Consequentially, for 1953-54 only, the grant

should be allocated on the basis described in paragraph 26 (a). Adjustments would be made to deal with cases in which this would result in a deficiency (paragraphs 28 and 30).

(g) If the principle of requisitioning on standard rateable value, or actual rateable value if higher, is accepted the rate deduction under the education grant formula, and the distribution of the payments under Part V of the 1948 Act, should be made on a similar basis (paragraphs 39 and 42).

(h) Payments should be made to district councils by county councils out of the grant payable to them (paragraph 44).

(i) Section 30 of the Act of 1948 should be amended to permit a subsequent investigation to be held before the expiry of five years (paragraph 9).

50. We have also considered the following matters and have agreed to make no recommendations about them :—

(a) The existing weighting factors for children and sparsity (paragraphs 12 and 13).

(b) The introduction of a factor for unemployment (paragraph 14).

(c) The introduction of a factor for declining populations (paragraph 15).

(d) The introduction of a factor for housing developments in excess of the average. (We agree, however, that the situation must be closely watched and that the matter may require to be considered further at the next investigation) (paragraph 18).

(e) The abandonment of rateable value as the measure of entitlement to grant (paragraph 26).

(f) The introduction of arrangements for reducing the grant of local authorities whose expenditure is above average (paragraph 35).

(g) The education grant formula (apart from the method of calculating the rate deduction). (We appreciate, however, that the local authority Associations may wish to consider the matter further with the Scottish Education Department in the light of our other conclusions) (paragraph 39).

(h) The speeding up of the settlement of the grant (paragraph 45).

(i) The adjustment of the grant to take account of de-rating (paragraph 47).

51. We wish to record our indebtedness to Mr. A. L. Imrie, who presided over the Sub-Committee on capitation payments, to Mr. G. B. Esslemont who attended the meetings of the Committee for England and Wales as observer on behalf of the Scottish local authority Associations, and to the officers of the Scottish Home Department and the Scottish Education Department who have prepared statistics for our consideration at all stages of the enquiry.

Signed on behalf of the Committee.

C. C. CUNNINGHAM,  
*Chairman.*

26th August, 1953.

## Appendix A

### Interim Report of Committee appointed to assist the Secretary of State and the Associations of Local Authorities in the investigation of the working of Part II of the Local Government Act, 1948.

1. At the meeting between the Minister of State and representatives of the Local Authority Associations on the 28th July, 1952, at which our appointment was agreed upon, we were asked to give priority to the question of the adequacy of the addition under section 19 of the Act of 1948 of 25 per cent. to the standard rateable value per head of weighted population in England and Wales in order to give the standard rateable value used in the calculation of the Scottish grant; and, if necessary, to submit an interim report. We have discussed this question at two meetings and we now ask for instructions before we consider it further.

2. When the Bill for the Local Government Act, 1948, was being considered, the local authorities in Scotland pressed for a greater addition than 25 per cent. to be made to the English standard in order to give the standard rateable value to be used in Scotland. The figure of 25 per cent. was adopted, however, because it had been used in other cases and it was not thought desirable to revise it at a time when a complete revaluation of property in England and Wales was understood to be imminent. This revaluation has now, however, been postponed; and the Scottish Local Authority Associations therefore feel that the adequacy of the 25 per cent. addition, which is one of the main factors in the determination of the grant payable in Scotland, must be examined without delay.

3. We append to this report a note summarising the main features of the existing valuation law in Scotland and in England and Wales and indicating the respects in which they differ. It will be seen that in England and Wales amendments of the law relating to the valuation of dwellinghouses are under consideration; but we have felt bound to consider the position as it now is. Broadly speaking, the principle of valuation in England and Wales is that rates are paid on the reasonable rent that the tenant would pay if he was liable for all of the rates on the property, for its maintenance and for its insurance. In Scotland, rates are paid on the rent actually payable, on the assumption that the tenant is responsible only for the occupier's share of the rates and that the landlord is responsible for the maintenance and insurance of the property. This means that the Scottish rateable values are higher for two reasons:—

(1) They include a sum in respect of the landlord's outlays on maintenance and insurance.

(2) Landlords in Scotland pay owner's rates and accordingly charge a higher rent to enable them to do so. This increases the rateable values.

4. The problem of estimating what addition should be made to the average rateable value in England and Wales to give an equivalent Scottish average is accordingly, at first sight, the problem of finding out by what percentage the rateable value of property in England and Wales would be increased if it were determined in accordance with the principles of Scottish valuation law.

5. Even in theory this is an extremely difficult exercise to carry out. It is obviously not sufficient merely to disregard the deductions made from the gross value in England and Wales in arriving at the net value: the gross value itself would be substantially higher—by an amount which cannot, however, be determined—if the owner in England, like the owner in Scotland, had to pay owner's rates on the property. This really precludes any reliable estimate—even on a sample basis—of what the English rateable values would be if they were determined in accordance with the principles of Scottish valuation law. Besides, under English law, the effect of the Rents Acts is to be ignored in calculating assessments for rating, so that gross values of houses are often higher than controlled rents.

6. An alternative approach is to try to find out from the Scottish end by what percentage the present Scottish rateable values would have to be reduced if the English law of valuation operated in Scotland. In 1948, in connection with the Local Government Bill, the Scottish Local Authority Associations asked counties and large burghs in Scotland (a) to estimate what would be the effect on rateable values of deducting from the gross annual value the

1919-20 owners rates in the case of house property and the 1947-48 rates in the case of other property, and the English statutory deductions ; and (b) to calculate the percentage by which the rateable values so arrived at would require to be increased to bring them into line with the existing rateable values. The results were as follows :—

<i>Local Authority</i>							<i>Percentage Increase to raise Rateable Value on English Basis to Rateable Value on Scottish Basis</i>
<b>1. Counties</b>							
Aberdeen .. .. .	..	..	..	..	..	..	78
Angus .. .. .	..	..	..	..	..	..	45
Argyll .. .. .	..	..	..	..	..	..	72
Ayr .. .. .	..	..	..	..	..	..	71
Dumfries .. .. .	..	..	..	..	..	..	67
Dunbarton .. .. .	..	..	..	..	..	..	55
East Lothian .. .. .	..	..	..	..	..	..	73
Fife .. .. .	..	..	..	..	..	..	57
Inverness .. .. .	..	..	..	..	..	..	52
Lanark .. .. .	..	..	..	..	..	..	62
Midlothian .. .. .	..	..	..	..	..	..	69
Moray and Nairn .. .. .	..	..	..	..	..	..	57
Perth .. .. .	..	..	..	..	..	..	45
Kinross .. .. .	..	..	..	..	..	..	43
Ross and Cromarty .. .. .	..	..	..	..	..	..	75
Stirling .. .. .	..	..	..	..	..	..	57
West Lothian .. .. .	..	..	..	..	..	..	60
<b>2. Large Burghs</b>							
Aberdeen .. .. .	..	..	..	..	..	..	67
Airdrie .. .. .	..	..	..	..	..	..	66
Arbroath .. .. .	..	..	..	..	..	..	55
Ayr .. .. .	..	..	..	..	..	..	56
Clydebank .. .. .	..	..	..	..	..	..	60
Dundee .. .. .	..	..	..	..	..	..	77
Edinburgh .. .. .	..	..	..	..	..	..	61
Falkirk .. .. .	..	..	..	..	..	..	57
Glasgow .. .. .	..	..	..	..	..	..	73
Greenock .. .. .	..	..	..	..	..	..	74
Inverness .. .. .	..	..	..	..	..	..	68
Kilmarnock .. .. .	..	..	..	..	..	..	53
Motherwell and Wishaw .. .. .	..	..	..	..	..	..	50
Paisley .. .. .	..	..	..	..	..	..	55
Perth .. .. .	..	..	..	..	..	..	63
Rutherglen .. .. .	..	..	..	..	..	..	70
Stirling .. .. .	..	..	..	..	..	..	63

7. These results cannot, however, be regarded as providing a valid comparison between the English and Scottish levels of valuation for the following reasons :—

(a) They assume that if there were no owners rates in Scotland the rent would be the current rent less the sum included in it in respect of owners rates. This is not necessarily so. Rents do not change in close correspondence with owners rates ; nor is it possible easily to determine what the element of owners rates in a particular rent amounts to. In the case of controlled property the landlord has been allowed to include in the rent only the amount of owners rates which were actually paid in 1919-20 ; in other cases the portion of the rent accounted for by owners rates can hardly be accurately assessed.

(b) They assume that under English law the gross value is the rent. In fact, as already explained in paragraph 5, the gross value is often different from the rent. In the case of controlled property, for example, it may be higher ; and in different areas properties commanding the same rent may have different values.

(c) In the case of properties of a kind not covered by the Schedule to the Rating and

Valuation Act, 1925—e.g., industrial subjects—there is no ready means of estimating what the net value would be if the subject were in England and Wales.

8. Further, it has become apparent from discussions which have been proceeding at meetings of the Committee appointed to assist in the investigation of the working in England and Wales of Part I of the Act of 1948 that the level of valuations in England and Wales varies very considerably in different areas. We understand that the Commissioners of Inland Revenue are unable on existing information to assess the extent of these inequalities. Any attempt, therefore, to measure the difference between the level of valuation in Scotland and the level of valuation in England and Wales is bound to be defeated by the fact that there is at present no uniformity in the standards applied in England and Wales. We are thus forced to the conclusion that the difference between the levels of valuation in the two countries cannot be quantified with any exactness until, at any rate, there has been a complete revaluation in England and Wales.

9. The first question for decision, therefore, is whether we are satisfied that the present arbitrary addition of 25 per cent. to the English average is too low. If we are, the second question is on what different basis the grant to be made available in Scotland should be determined.

10. The facts which support a conclusion that the present addition of 25 per cent. is too low are the following :—

(a) The sample calculations made in 1948, to which we refer in paragraph 6, would support the view that the increase should on average be about 62 per cent. These calculations relate, of course, only to part of the country ; but the areas for which they were made are not unrepresentative. The calculations, as has been pointed out in paragraph 7, are also open to criticism on other grounds ; but even allowing for a considerable margin of error—which certainly is not all on one side—they afford a strong justification for the view that the 25 per cent. addition was quite inadequate even in 1948.

(b) Since 1948 the Scottish position has worsened in relation to that in England and Wales. There has in Scotland been an annual valuation of all properties and there has been no corresponding revision of valuations in England and Wales. Published returns show that in 1948-49 the rateable value of Scotland was £44,234,032 and that of England and Wales £318,492,162. In 1951-52 the corresponding rateable values were £48,164,480 and £335,737,293. The rateable value of Scotland has, therefore, increased by 8.9 per cent. while that of England and Wales has increased by only 5.4 per cent.

(c) Under subsections (3) and (4) of section 3 of the Act of 1948 the Minister of Housing and Local Government may direct that the standard rateable value to be taken in any year for the purpose of calculating equalisation grant in England and Wales shall be such that the proportion which the aggregate of the rateable values credited to all counties and county boroughs bears to the rateable value of the whole country is as nearly as may be the same as for the year 1948-49. The object is to ensure that the Exchequer does not benefit from a change of circumstances giving a larger number of authorities financial resources more nearly approaching the average. No similar provision was made for Scotland, because the standard rateable value in Scotland is derived from that for England and Wales and it was assumed that the Scottish position was in this way adequately safeguarded. The following figures, however, show that in Scotland the ratio of credited to actual rateable value, which has been maintained in England and Wales, has steadily decreased :—

Year				Rateable Value Credited Scotland (a)	Rateable Value Scotland* (b)	Ratio of (a) to (b)
				£	£	
1948-49	..	..	..	8,506,987	44,240,665	0.1923
1949-50	..	..	..	8,225,225	45,894,632	0.1792
1950-51	..	..	..	7,985,745	46,996,272	0.1699
1951-52	..	..	..	7,488,000	47,921,887	0.1563

\* These figures, which are those actually used in the grant calculations, are slightly different from those quoted in paragraph (b) above.

As the amount of Exchequer grant payable depends on the rateable value credited it is clear that, had a provision similar to subsections (3) and (4) of section 3 of the 1948 Act applied to Scotland, the amount of equalisation grant payable in years subsequent to 1948-49 would have been greater than in fact it has been.

11. If the conclusion is accepted that for these reasons the present addition of 25 per cent. is unfair to Scotland, the next question to be considered is what should be put in its place. For the time being, it seems clear that no precise arithmetical measure can be found of the difference between the levels of rateable value in the two countries. In these circumstances we are forced to the conclusion that, if additional assistance is now to be provided for Scottish local authorities, it must be determined on some other basis; and we are unable to suggest any basis more appropriate than the Goschen equivalent of 11/80ths of the equalisation grant which is payable in any particular year to local authorities in England and Wales. The Goschen formula has for long determined the amount of the education grant in Scotland; and it has been used for many other purposes both in connection with local government and in other spheres. A recent statutory precedent for its adoption is provided in the Local Government (Financial Provisions) (Scotland) Act, 1946, in which it was used to determine the amount of additional money to be paid to Scotland under that Act. We consider, therefore, that, pending decisions as to the future basis of valuation in England and Wales and the completion of a revaluation of property in these countries, when the possibility of making an arithmetical comparison between the levels of rateable value in Scotland and in England and Wales can be reconsidered, any adjustment of the present amount of equalisation grant payable in Scotland should be based on the Goschen formula.

12. We recognise that, if an adjustment is made on this basis, difficult questions relating to the distribution of the additional money available in Scotland will have to be examined. But we have thought it right to defer further consideration of these questions until a decision in principle has been taken as to the total amount of grant to be made available.

On behalf of Committee,

C. C. CUNNINGHAM,  
*Chairman.*

SCOTTISH HOME DEPARTMENT,  
26th January, 1953.

### *Appendix*

#### **Comparison between methods of valuation in Scotland and in England and Wales**

1. In Scotland the Assessor, in making up his annual Valuation Roll, is required under section 6 of the Valuation of Lands (Scotland) Act, 1854, to take as the estimated gross value of lands and heritages the rent at which, one year with another, such lands and heritages might in their actual state be reasonably expected to let from year to year; and where such lands and heritages are *bona fide* let for a yearly rent conditioned as the fair annual value thereof without grassum or consideration other than rent, such rent shall be deemed and taken to be the yearly rent or value of such lands and heritages. In other words, the gross value is the same as the lettable value and, where an honest rent is actually passing, that rent is the gross value.
2. From the gross value so determined certain deductions are made in the case of a limited number of lands and heritages in accordance with the First Schedule to the Rating (Scotland) Act, 1926, in order to give the net annual value; but in the majority of cases the net annual value is the same as the gross value.
3. From the net annual value as thus determined there are deducted the statutory percentages laid down in the case of industrial, agricultural and freight transport lands and heritages in order to arrive at the rateable value. In all other cases, however, the rateable value is the same as the net annual value.
4. In England, the position is very different.
5. Under section 68 of the Rating and Valuation Act, 1925, the gross value means the rent at which a hereditament might reasonably be expected to let from year to year if the

tenant undertook to pay all usual tenant's rates and taxes and if the landlord undertook to bear the cost of the repairs and insurance and the other expenses, if any, necessary to maintain the hereditament in a state to command that rent.

6. Under section 22 of the same Act as later amended, however, the net value in the case of classes of property specified in Part I of the table contained in the Second Schedule to the Act is the gross value reduced by a percentage ranging from 40 per cent. in the case of houses and buildings without land of which the gross value does not exceed £15 to 5 per cent. in the case of land (other than agricultural land) without buildings. These statutory deductions which in effect standardised the deductions previously made for the cost of repair and maintenance, etc., are made in arriving at the net annual value of property other than premises used wholly or mainly for industrial purposes or hereditaments forming part of a water or other public utility undertaking.

7. Where a hereditament does not fall into one of the classes set out in the Schedule (where it is, e.g., an industrial hereditament) the net value is arrived at by estimating the rent at which the hereditament might reasonably be expected to let from year to year if the tenant undertook to pay all usual tenant's rates and taxes and to bear the cost of the repairs and insurance and the other expenses, if any, necessary to maintain the hereditament in a state to command that rent. The law is slightly different in London but the ultimate result is much the same as in the rest of England and Wales.

8. The rateable value is, generally speaking, the same as the net value except that, as in Scotland, statutory deductions are made in the case of industrial and freight transport lands and heritages and agricultural land is entirely derated.

9. These general provisions were modified in their application to dwellinghouses by Part IV of the Local Government Act of 1948 which in effect provided that dwellinghouses were to be valued by reference to the hypothetical 1938 cost. These amendments, however, have not yet come into operation and the Minister of Housing and Local Government made the following announcement in the House of Commons on 1st August, 1952 :—

“Difficulties have been encountered in assessing dwellinghouses in accordance with the provisions of the Local Government Act, 1948, and it has become clear to the Government that Parliament will, in due course, have to be asked to amend these provisions. It is intended that the basis should still be pre-war value. Valuation staff will shortly be employed on preliminary work to enable the Government to formulate proposals.”

10. Broadly speaking, therefore, the principle of valuation in England and Wales is that rates are paid on the reasonable rent that the tenant would pay if he was liable for all of the rates on the property, for its maintenance and for its insurance. In Scotland rates are paid on the rent actually paid, on the assumption that the tenant is responsible only for the occupier's share of the rates and that the landlord is responsible for the maintenance and insurance of the property. This means that the Scottish rateable values are higher for two reasons :—

(1) They include a sum in respect of the landlord's outlays on maintenance and insurance.

(2) Landlords in Scotland pay owner's rates and accordingly charge a higher rent to enable them to do so. This accordingly increases the rateable value.

## Appendix B

### Report of Sub-Committee on Capitation Payments.

1. It was agreed at the First Meeting of the Main Committee held on 20th August, 1952, that a Sub-Committee consisting of Mr. Imrie (Chairman), Mr. Grier (Burgh Chamberlain, Alloa), Mr. McAllister, Mr. McBoyle, Mr. MacGill, Mr. Shilton and a departmental representative (Mr. W. L. Walker) be appointed to consider “what information, if any, is desirable in order that full consideration may be given to the question whether capitation payments should continue and, if so, whether the present difference between the landward and burgh capitation payments should remain.”

We have held three meetings at which the question of capitation payments has been considered.

#### Statutory position.

2. Section 25 of the Act of 1948 provides that out of the county equalisation grant payments shall be made by the Secretary of State to each small burgh and sums shall be

set aside by the county council for behoof of the landward area of each county. The amount per capita payable to a small burgh in any year is ascertained by dividing one-half of the aggregate of the equalisation grants payable to counties for the year by the total populations of all counties. In the case of landward areas, the amount per capita is two-thirds of that payable in the case of the small burghs. Special provisions apply in cases where no equalisation grant is payable to a county or if the amount of the grant is insufficient to cover the capitation payments.

### Information considered.

3. At our request, statements were prepared by the Scottish Home Department showing :—
  - (i) details of the calculation of the equalisation grant for each county and the amount of the capitation payments for 1950-51 ;
  - (ii) the effect of calculating equalisation grant for seven selected counties for the year 1950-51 on the basis of separate grant calculations for the landward area and the small burghs within the county, with county general expenditure (see Note below) allocated (a) on actual rateable value as at present and (b) on standard rateable value or actual rateable value for 1950-51 whichever is the greater ;
  - (iii) the effect of recalculating the equalisation grant for 1950-51 for each landward area and each small burgh on the assumption that county general expenditure is allocated on standard rateable value or actual rateable value if greater for 1949-50.

### Existing system.

4. We agreed that, first of all, consideration be given to the fundamental features of the existing system under which equalisation grants are calculated for the counties as a whole, with a subsequent landward and burghal redistribution of part of the grant on the capitation basis. The balance of the grant is applied to reducing the county requisition, so that it benefits the landward area and the burghs uniformly, according to their respective rateable values. After discussing the system of capitation payments, we came to the conclusion that, as a general proposition, the system of capitation payments, calculated on the basis of the capitation sum multiplied by the population without regard to differences in valuation, is at variance with the principles on which the equalisation grant rests. Areas of high valuation contribute little or nothing to the county grant as a whole, but receive capitation payments, together with a share (proportionate to rateable valuation) of the balance of the county equalisation grant where it exceeds the total of the capitation grants. Indeed, the burghs with valuations above the average for Scotland cause a loss of grant to the county. Areas of low valuation contribute largely to the county grant as a whole, and, in some cases, their capitation payments and shares of the county grant are substantially less than their contribution. We are agreed, therefore, that the system of capitation payments favours the high valued areas and operates against low valued areas, a circumstance which is contrary to the principle of the equalisation grant.

We recommend accordingly that the existing system of capitation payments should be discontinued. In doing so, we recognise that the practical effect of the abolition of the present differential bases of capitation payments (the landward area rate being two-thirds of that of the small burghs) will be of benefit to the landward area but to the corresponding detriment of the small burghs. We return to this point in paragraph 8.

### Alternative systems.

5. In view of our conclusion that capitation payments should be discontinued, we have thought it right to consider what consequential changes might be made in the present arrangements.

Firstly, we considered the statements showing the effect of calculating grant separately for each small burgh and landward area with county general expenditure allocated as at present on the basis of rateable value. We noted, for example, that, as compared with the existing basis, the rates in Cupar in the County of Fife would rise from 9s. 7d. to 13s. 1d., while the rates in St. Monance in the same county would fall from 12s. to 9s. 8d., a result to be expected from the taking away of grant from Cupar, which has a high rateable value per head, and the payment of a larger grant to St. Monance, whose rateable value per head is lower than the standard figure. We also noted, however, that, while the dispersion of local rates in the County of Fife on the existing basis was 5s.—from 9s. 5d. to 14s. 5d., the dispersion,

*Note.*—For the purposes of the calculations only the net expenditure on education and the expenditure falling jointly on the landward area and the small burghs has been allocated.

if the grant were calculated separately for each area, would be 8s. 3d.—from 9s. 8d. to 17s. 11d. We considered the reason for this greater disparity because one of the reasons for considering the payment of direct grants to the small burghs and landward areas is to extend the application of the principles of the equalisation grants to the local authorities within the county. If direct grants are paid, the rates levied, since they would be determined by standard rateable value, should reflect the expenditure per head of the various local authorities. It appeared to us, therefore, that a factor entering into the question was the allocation of county general expenditure on the basis of actual rateable value though the rate poundages were calculated, in effect, by reference to standard rateable value. After consideration, we concluded that, if the system of capitation payments were discontinued, its replacement by a system of direct grants would call for other adjustments being made in order to offset the disparity arising from the allocation of county general expenses on an actual rateable value basis.

6. Secondly, we considered the result of calculations showing the effect of calculating the grant separately for each small burgh and landward area, but with county general expenditure allocated on standard rateable value or actual rateable value whichever is the greater. We noted that, on this basis, the local rate in Cupar would be 10s. 11d. and the rate in St. Monance 11s. 3d. The effect of this arrangement would be to promote the proportionality of local rates within the county, since they would be based, in effect, on standard rateable value in the case of the under-average authorities and on actual rateable value in the case of over-average authorities. The rate levied in the landward area and the small burghs for county general purposes would be the same throughout the county, subject to slight variations because the allocation is made on the previous year's standard rateable values or actual rateable values as the case may be and the rate is actually levied on the current year's figures. In a few instances the poundage variation for county requisition is larger, but there are exceptional circumstances for these. Differences in rate poundages, therefore, reflect variations in the expenditure per head, excluding county requisition, of the different local authorities the differences being proportionate to such expenditure. Excluding Crail, the disparity is still fairly large in the county being 4s. 10d.—from 10s. 2d. in the case of Newport to 15s. in the case of Leven. It was noted, however, that expenditure per head of population, excluding county general expenditure, was £2,657 in Newport and £4,499 in Leven. Crail, with a total rate of 18s. 1d., is exceptional as the rate for county general expenditure brought out is 8s. 8d., compared with the average for the county of 6s. 6d. This is due to the reduction of 408 in the population of the burgh in 1950-51 as compared with its population in 1949-50. In 1949-50, Crail had a standard rateable value of £14,477 and a rateable value of £10,670. In 1950-51, the burgh's standard rateable value was £10,712 and its rateable value £11,256. Crail's share of the county requisition in 1950-51 was based, therefore, on a standard rateable value of £14,477, but the rate for this expenditure is calculated on a rateable value of £11,256. Further, Crail's own expenditure represented £4,719 per head. In general, we concluded that the combination of direct grants to small burghs and landward areas and the allocation of county general expenses on standard rateable value or actual rateable value when it is greater, would produce variations in the rate poundages reflecting the direct expenditure of the local authorities concerned. In other words, such a system achieved a high degree of proportionality of rates among the separate authorities in the county, the differences in rate poundage being due mainly to their own expenditure per head.

We recommend, therefore, that, if the capitation payments are to be discontinued and equalisation grant calculated separately for each area, this ought to be accompanied by the allocation of the county requisition on standard rateable value or actual rateable value whichever is the greater.

7. The results of the calculations for the year 1950-51 on the basis of the proposals put forward in paragraph 6 may be summarised as follows :—

Rate	Counties			
	(Landward Area)			
	Small	Burghs	Large	Burghs
Number of increases .. .. .	2	132		7
Number of decreases .. .. .	29	35		12
No change .. .. .	2	5		1
Maximum increase .. .. .	0s. 9d.	5s. 5d.	1s. 0d.	
„ decrease .. .. .	2s. 10d.	3s. 5d.	2s. 11d.	

Details are shown in *Appendices A and B*. *Appendix B* shows also (a) the range of rates on the existing basis and on the suggested basis, and (b) for each county, the total rate which

would be leviable on the suggested basis in the small burgh with the maximum increase and the highest rate leviable in any small burgh or the landward area.

On the basis of the calculations made, the effect of the new proposals would be to increase the total grant payable to Scotland by about £200,000.

8. The adoption of our recommendations that capitation payments be discontinued and equalisation grant calculated separately for each area with the county requisition allocated on standard rateable value or actual rateable value whichever is the greater would, as brought out by the figures shown and to the extent indicated in the Table in the immediately preceding paragraph and in *Appendices A and B*, appear to operate to the advantage of the landward areas and large burghs and to the disadvantage of the small burghs. This is, to some extent, due to the abolition of the present differential capitation rates, referred to in paragraph 4. We think, therefore, that, if the suggested new basis were adopted, some provision may be necessary for mitigating the losses, possibly over a period of years. Such provision might take the form of limiting the maximum amount of increase in the rate under the new proposals, the money required for which might be found by limiting correspondingly the decreases in those local authorities which gain from the proposals. We recognise, however, that, if a larger total grant became available for Scotland, it might not be necessary to make any such provision. We think, therefore, that further consideration of this difficulty should await the outcome of the proposals for a larger grant for Scotland as a whole.

#### **Weighting factors.**

9. In the calculations for the suggested new basis, the total weighting for children and for sparsity of each county has been allocated between small burghs and the landward area in a county in proportion to population. No information is available of the number of children under 15 in small burghs and the sparsity factor would, of course, not apply normally in the case of burghs. We agreed that the method of allocating the weighting for children was not unreasonable in the absence of definite figures. After consideration, we also recommend the allocation of the sparsity weighting as between the landward area and small burghs in a county in proportion to their respective populations. In reaching this conclusion, we had in mind that the small burghs in a sparsely populated county have to contribute to the additional costs in the county arising from the sparsity through the county requisition. In such a county, expenditure tended to be relatively high, not only in respect of roads, but also on other services such as education. A trial calculation has shown that, even if the sparsity weighting were credited solely to the landward area, it would make little difference to the rate levels brought out.

#### **Summary.**

10. Our conclusions and recommendations can be summarised as follows :—

- (a) that the existing system of capitation payments should be discontinued ;
- (b) that in future equalisation grant should be calculated separately for each landward area and small burgh and that county requisitions should be allocated on standard rateable value or actual rateable value whichever is higher ;
- (c) that the weighting of population for children and sparsity should be allocated as between the landward area and the small burghs in a county in proportion to their respective populations ;
- (d) that some provision might be necessary to mitigate the losses of the small burghs if the suggested new system is adopted, but that further consideration of this question should await the outcome of the proposals for a larger grant for Scotland as a whole.

On behalf of the Sub-Committee,

AMES L. IMRIE,  
*Chairman.*

6th May, 1953.

**Reservation by Mr. W. M. Grier, Town Chamberlain, Alloa.**

While I agree the conclusions reached by the Sub-Committee are based on sound principles I wish to underline the effect, on a large majority of the small burghs, of the proposals as to capitation payments and to express my opinion on other aspects of the report.

(1) Having regard to the terms of the remit as set out in paragraph 1, I feel the report should be confined to a submission of information sufficiently detailed to permit of the parent body considering freely the question of capitation payments.

(2) The recommendation contained in the last part of paragraph 4 should be conditional on the introduction of provisions to mitigate the hardship which will follow the discontinuance of capitation payments.

No satisfactory reason has been given for the suggested abandonment of the 2/3rd to 3/3rd relationship in grants to landward areas and small burghs.

(3) There is a strong body of opinion that the allocation of county general expenses on the present basis should be subject of investigation quite apart from matters of grant, and I feel the suggestion contained in the last sentence of paragraph 6 may tend to cloud the real issue of capitation payments.

(4) I wish to add to the detail given in paragraph 7 the fact that in total, 132 small burghs will lose approximately 40 per cent. of grant now given, i.e., a drop of over £700,000 whilst 29 out of 33 landward areas will gain about 35 per cent. increase in grant totalling over £900,000.

The loss of grant to small burghs will be partly set-off by the reduction of expenditure on county council services which would result from the proposed change in the basis of allocation but even so the net loss remaining would exceed £260,000, the corresponding net gain to landward areas being some £330,000.

(5) If the Sub-Committee's report is accepted I feel there is a grave danger that the already strained financial resources of many small burghs will suffer a serious set back.

These small burghs have built up their social services based on a system of grants, which has existed under different statutes for over 20 years the removal of which at this time might cause considerable hardship.

(6) Whilst it is acknowledged that certain small burghs would benefit by the proposals contained in the report of the Sub-Committee this reservation is submitted in good faith in the best interests of the greatest number.

**W. M. GRIER.**

EXCHEQUER EQUALISATION GRANT—INVESTIGATION COMMITTEE  
CAPITATION PAYMENTS SUB-COMMITTEE

Summary showing the rate in each County (Landward Area) and each Large Burgh  
on the existing basis and the suggested basis and the difference.

Large Burghs	Rates on		Increase (+) Decrease (—)	Counties (Landward Area)	Rates on		Increase (+) Decrease (—)
	Existing Basis	Suggested Basis			Existing Basis	Suggested Basis	
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>		<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
Airdrie ..	16 0	16 5	+0 5	Aberdeen ..	13 2	12 4	—0 10
Arbroath ..	15 3	15 1	—0 2	Angus ..	14 10	13 2	—1 8
Ayr ..	14 1	13 0	—1 1	Argyll ..	12 8	11 10	—0 10
Clydebank ..	17 9	17 9	—	Ayr ..	14 10	13 9	—1 1
Coatbridge ..	15 7	15 11	+0 4	Banff ..	11 1	10 9	—0 4
Dumbarton ..	14 7	15 1	+0 6	Berwick ..	14 1	13 4	—0 9
Dumfries ..	15 0	14 1	—0 11	Bute ..	9 7	9 6	—0 1
Dunfermline ..	12 10	12 9	—0 1	Caithness ..	14 0	11 9	—2 3
Falkirk ..	13 7	13 0	—0 7	Clackmannan ..	14 9	14 10	+0 1
Greenock ..	14 10	14 11	+0 1	Dumfries ..	15 2	14 3	—0 11
Hamilton ..	13 6	13 7	+0 1	Dunbarton ..	16 9	15 10	—0 11
Inverness ..	16 11	14 0	—2 11	East Lothian ..	15 8	13 10	—1 10
Kilmarnock ..	17 2	16 10	—0 4	Fife ..	14 1	12 7	—1 6
Kirkcaldy ..	12 10	12 5	—0 5	Inverness ..	10 8	11 5	+0 9
Motherwell and Wishaw ..	14 2	14 0	—0 2	Kincardine ..	11 11	11 3	—0 8
Paisley ..	14 9	14 10	+0 1	Kinross ..	13 4	12 6	—0 10
Perth ..	14 10	14 1	—0 9	Kirkcudbright ..	14 9	13 6	—1 3
Port Glasgow ..	13 10	14 10	+1 0	Lanark ..	15 1	15 0	—0 1
Rutherglen ..	16 8	15 10	—0 10	Midlothian ..	14 10	14 3	—0 7
Stirling ..	15 2	14 2	—1 0	Moray ..	9 7	9 7	—
Number of Increases ..	..	..	7	Nairn ..	14 2	11 4	—2 10
Number of Decreases ..	..	..	12	Orkney ..	10 10	9 6	—1 4
No change ..	..	..	1	Peebles ..	16 0	15 5	—0 7
Maximum Increase ..	..	..	<i>s. d.</i> 1 0	Perth ..	12 1	11 9	—0 4
Maximum Decrease ..	..	..	2 11	Renfrew ..	15 0	13 11	—1 1
				Ross & Cromarty ..	13 3	11 11	—1 4
				Roxburgh ..	16 0	14 0	—2 0
				Selkirk ..	12 10	11 9	—1 1
				Stirling ..	17 5	17 0	—0 5
				Sutherland ..	13 7	13 5	—0 2
				West Lothian ..	11 4	11 1	—0 3
				Wigtown ..	10 2	10 2	—
				Zetland ..	14 8	11 10	—2 10
				Number of Increases ..	..	..	2
				Number of Decreases ..	..	..	29
				No change ..	..	..	2
				Maximum Increase ..	..	..	<i>s. d.</i> 9
				Maximum Decrease ..	..	..	2 10

## EXCHEQUER EQUALISATION GRANT—INVESTIGATION COMMITTEE; CAPITATION PAYMENTS SUB-COMMITTEE

Summary showing for each county (a) the amount of the range between the highest and the lowest rates on the suggested basis for each small burgh and the landward area in the county, (b) the number of small burghs with increases and the number with decreases and the maximum increase or decrease, (c) the total rate which would be leviable in the small burgh with the maximum increase and (d) the highest rate which would be leviable in any small burgh or the landward area on the suggested basis.

COUNTIES	Range of Rates			Number of small burghs with Rate Increases (See note)	Maximum Increase	Residual Rate in burgh(s) with the Maximum Increase (7)	Highest Rate leviable in county (small burgh or landward area) (8)	Number of small burghs with Rate Decreases (See note)	Maximum Decrease
	On Existing Basis	On Suggested Basis	Increase (—) Decrease (—)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Aberdeen ..	s. d. 8 8	s. d. 6 2	s. d. -2 6	10	s. d. 3 10	s. d. 9 0	s. d. 15 2	—	s. d. —
Angus ..	3 11	3 10	-0 1	6	1 7	14 4	15 2	—	—
Argyll ..	6 2	5 0	-0 1	5	1 7	15 4	17 0	1	1 1
Ayr ..	4 0	3 11	-0 1	10	1 10	15 4	16 10	4	1 1
Banff ..	6 3	5 1	-0 1	8	1 11	11 9	15 10	3	2 4
Banul ..	3 0	2 5	-0 5	4	2 11	15 9	15 9	—	—
Bute ..	3 3	3 10	-0 7	—	—	15 8	16 4	2	0 7
Caithness ..	1 7	4 7	-3 0	2	2 10	15 3	16 4	—	—
Clackmannan ..	6 3	1 3	-1 9	6	3 6	13 3	15 11	2	2 0
Dumfries ..	6 3	6 7	-0 4	3	—	13 1	17 4	4	1 5
Dunbarton ..	3 3	3 9	-0 6	—	0 10	18 8	18 1	—	—
East Lothian ..	4 4	5 1	-0 9	17	2 8	10 8	14 11	4	1 9
Fife ..	5 0	7 11	+2 11	2	3 5	11 5	14 1	5	0 9
Inverness ..	5 5	4 3	-1 2	4	1 9	(1) 11 5 (2) 12 11	18 5	—	—
Kincardine ..	5 3	2 10	-0 7	—	—	(1) 11 4 (2) 12 11	15 4	—	—
Kirkcudbright ..	7 10	7 6	-0 4	5	3 1	10 11	18 5	—	—
Linark ..	3 7	1 1	-2 6	2	2 4	15 4	15 4	—	—
Midlothian ..	3 7	4 6	-0 9	3	1 3	12 8	14 9	1	0 4
Moray and Nairn ..	4 11	4 6	-0 5	5	1 3	(1) 11 4 (2) 12 11	14 1	1	1 0
Orkney ..	1 7	1 9	+0 2	2	1 11	11 3	11 3	—	—
Peebles ..	3 1	3 3	+0 2	1	0 3	11 3	18 10	1	0 3
Perth and Kinross ..	3 4	3 9	+0 5	12	1 9	13 1	15 6	—	—
Renfrew ..	2 8	1 6	-1 2	—	—	16 6	16 6	4	2 4
Ross and Cromarty ..	4 7	4 7	+0 0	6	3 8	15 4	15 4	—	—
Shetland ..	1 9	1 4	-0 5	3	1 5	15 4	16 9	—	—
Selkirk ..	3 6	5 0	+1 6	3	0 5	16 9	16 9	—	—
Stirling ..	6 7	3 10	-2 9	4	2 8	13 6	17 0	—	—
Southland ..	1 0	2 0	+1 0	1	2 10	15 5	15 5	—	—
West Lothian ..	6 2	3 6	-2 8	4	1 9	13 0	14 7	2	2 10
Wigtown ..	9 0	5 7	-3 3	2	2 3	13 2	15 9	1	3 5
Zealand ..	2 10	3 3	+0 5	1	3 3	15 1	15 1	—	—
Number of Increases	..	..	12	132	—	—	—	—	—
Number of Decreases	..	..	19	—	—	—	—	35	—
Maximum Increase	..	..	3 0	—	5 5	—	—	—	—
Maximum Decrease	..	..	3 5	—	—	—	—	—	3 5

Note.—In five small burghs there is no change—one each in the Counties of Fife, Midlothian, Moray and Nairn, Roxburgh and Wigtown.

## Appendix C

Estimate of the effect in 1951-52 on each large and small burgh and the landward area of each county, of the proposals referred to in paragraph 27 of the Report. For the purposes of the calculations the expenditure which would fall on rates in each area, including an allocation of county general expenditure on the basis of standard rateable value or actual rateable value if higher, has been estimated on the best information available when the third provisional calculations of the existing grant were made. Exchequer Equalisation Grants on the basis of 11/80ths of the grant for England and Wales in 1951-52 have been calculated separately for each area on the existing formula subject to the changes proposed in the Report. In calculating the grants for each small burgh, and for the landward area of each county, the weighting added to the county population for children and sparsity has been allocated between the small burghs and the landward area according to their respective populations.

THE FIGURES ARE INTENDED TO SHOW ONLY THE GENERAL EFFECT OF THE PROPOSALS AND IT CANNOT BE ASSUMED THAT THE EFFECTS ON EACH AUTHORITY WOULD BE THE SAME IN ANY LATER YEAR.

Authority (1)	Estimated true rate required in 1951-52	
	Under the existing law (2)	Under the proposed basis (3)
	<i>s. d.</i>	<i>s. d.</i>
<b>LARGE BURGHS</b>		
Aberdeen .. .. .	15 8	15 7
Airdrie .. .. .	19 5	19 7
Arbroath .. .. .	17 1	15 4
Ayr .. .. .	14 3	13 9
Clydebank .. .. .	20 9	19 5
Coatbridge .. .. .	18 10	17 9
Dumbarton .. .. .	17 2	17 8
Dumfries .. .. .	17 4	15 0
Dundee .. .. .	16 7	15 9
Dunfermline .. .. .	14 0	12 10
Edinburgh .. .. .	9 8	9 6
Falkirk .. .. .	18 1	15 6
Glasgow .. .. .	16 10	16 8
Greenock .. .. .	16 10	15 4
Hamilton .. .. .	16 2	15 0
Inverness .. .. .	19 8	16 0
Kilmarnock .. .. .	17 7	17 6
Kirkcaldy .. .. .	15 0	14 0
Motherwell and Wishaw .. .. .	15 5	13 9
Paisley .. .. .	17 10	15 11
Perth .. .. .	16 11	16 0
Port Glasgow .. .. .	15 5	15 3
Rutherglen .. .. .	19 1	16 6
Stirling .. .. .	15 7	13 9
<b>ABERDEEN COUNTY</b>		
Landward Area .. .. .	14 10	13 0
Ballater .. .. .	12 0	14 4
Ellon .. .. .	14 7	15 1
Fraserburgh .. .. .	14 9	14 5
Huntly .. .. .	13 4	14 2
Inverurie .. .. .	12 2	13 2
Kintore .. .. .	11 1	10 8
Old Meldrum .. .. .	17 11	16 3
Peterhead .. .. .	15 11	15 0
Rosehearty .. .. .	13 7	11 6
Turriff .. .. .	13 3	13 5

Appendix C—continued

Authority (1)	Estimated true rate required in 1951-52	
	Under the existing law (2)	Under the proposed basis (3)
	<i>s. d.</i>	<i>s. d.</i>
ANGUS COUNTY		
Landward Area .. .. .	16 3	13 10
Brechin .. .. .	15 9	15 0
Carnoustie .. .. .	16 0	16 8
Forfar .. .. .	15 9	15 9
Kirriemuir .. .. .	16 0	16 4
Monifieth .. .. .	15 5	15 8
Montrose .. .. .	16 6	16 2
ARGYLL COUNTY		
Landward Area .. .. .	15 5	13 2
Campbeltown .. .. .	15 0	13 10
Dunoon .. .. .	15 6	16 8
Inveraray .. .. .	13 5	12 11
Lochgilthead .. .. .	15 6	13 1
Oban .. .. .	15 6	16 9
Tobermory .. .. .	16 7	16 3
AYR COUNTY		
Landward Area .. .. .	18 0	16 7
Ardrossan .. .. .	17 9	17 8
Cumnock .. .. .	21 0	20 4
Darvel .. .. .	16 2	16 0
Galston .. .. .	15 11	14 6
Girvan .. .. .	16 1	15 8
Irvine .. .. .	16 0	15 10
Kilwinning .. .. .	16 5	15 6
Largs .. .. .	13 6	13 10
Maybole .. .. .	13 6	12 8
Newmilns .. .. .	14 11	13 11
Prestwick .. .. .	16 0	16 1
Saltcoats .. .. .	15 7	14 4
Stewarton .. .. .	13 4	12 3
Troon .. .. .	15 5	16 1
BANFF COUNTY		
Landward Area .. .. .	12 11	11 10
Aberchirder .. .. .	16 10	14 8
Aberlour .. .. .	12 11	12 11
Banff .. .. .	13 10	14 10
Buckie .. .. .	18 2	16 11
Cullen .. .. .	14 4	13 7
Dufftown .. .. .	13 7	13 3
Findochty .. .. .	11 6	12 10
Keith .. .. .	11 5	12 9
Macduff .. .. .	14 8	14 10
Portknockie .. .. .	18 2	14 11
Portsoy .. .. .	12 6	11 2

Appendix C—continued

Authority  (1)	Estimated true rate required in 1951-52	
	Under the existing law  (2)	Under the proposed basis  (3)
	<i>s. d.</i>	<i>s. d.</i>
<b>BERWICK COUNTY</b>		
Landward Area .. .. .	15 0	13 1
Coldstream .. .. .	15 9	14 10
Duns .. .. .	12 9	14 0
Eyemouth .. .. .	14 10	14 5
Lauder .. .. .	12 7	12 8
<b>BUTE COUNTY</b>		
Landward Area .. .. .	11 2	10 9
Millport .. .. .	15 3	14 6
Rothsay .. .. .	15 1	14 10
<b>CAITHNESS COUNTY</b>		
Landward Area .. .. .	16 3	14 9
Thurso .. .. .	16 9	17 0
Wick .. .. .	13 8	15 2
<b>CLACKMANNAN COUNTY</b>		
Landward Area .. .. .	16 3	12 0
Alloa .. .. .	17 8	17 0
Alva .. .. .	18 10	15 11
Dollar .. .. .	16 7	15 1
Tillicoultry .. .. .	15 1	12 7
<b>DUMFRIES COUNTY</b>		
Landward Area .. .. .	18 4	15 7
Annan .. .. .	13 11	14 6
Langholm .. .. .	15 4	15 1
Lochmaben .. .. .	10 7	12 4
Lockerbie .. .. .	11 6	14 0
Moffat .. .. .	15 1	17 9
Sanquhar .. .. .	11 4	12 0
<b>DUNBARTON COUNTY</b>		
Landward Area .. .. .	20 3	16 7
Cove .. .. .	15 7	13 0
Helensburgh .. .. .	18 4	15 11
Kirkintilloch .. .. .	14 0	11 7
Milngavie .. .. .	17 0	14 11
<b>EAST LoTHIAN COUNTY</b>		
Landward Area .. .. .	16 10	13 10
Cockenzie .. .. .	14 9	13 4
Dunbar .. .. .	19 3	18 1
East Linton .. .. .	15 6	12 11
Haddington .. .. .	15 2	14 2
North Berwick .. .. .	16 3	14 6
Prestonpans .. .. .	14 5	14 1
Tranent .. .. .	13 7	12 4

Appendix C—continued

Authority  (1)	Estimated true rate required in 1951-52	
	Under the existing law  (2)	Under the proposed basis  (3)
	<i>s. d.</i>	<i>s. d.</i>
<b>FIFE COUNTY</b>		
Landward Area .. .. .	19 3	15 8
Auchtermuchty .. .. .	15 11	14 2
Buckhaven .. .. .	14 10	13 8
Burntisland .. .. .	14 11	15 4
Cowdenbeath .. .. .	13 8	13 4
Craig .. .. .	13 0	13 1
Culross .. .. .	17 3	13 2
Cupar .. .. .	12 2	12 1
Elie and Earlsferry .. .. .	13 4	13 4
Falkland .. .. .	14 6	13 1
Inverkeithing .. .. .	14 8	13 8
Kilrenny, etc. .. .. .	16 0	14 7
Kinghorn .. .. .	15 5	14 7
Ladybank .. .. .	12 7	12 4
Leslie .. .. .	13 1	13 7
Leven .. .. .	16 3	15 5
Lochgelly .. .. .	16 0	14 4
Markinch .. .. .	15 5	16 8
Newburgh .. .. .	12 2	11 10
Newport .. .. .	11 10	12 4
Pittenweem .. .. .	13 4	12 4
St. Andrews .. .. .	12 11	13 5
St. Monance .. .. .	14 10	13 8
Tayport .. .. .	13 7	13 7
<b>INVERNESS COUNTY</b>		
Landward Area .. .. .	12 1	12 6
Fort William .. .. .	15 8	19 9
Kingussie .. .. .	10 2	13 5
<b>KINCARDINE COUNTY</b>		
Landward Area .. .. .	13 11	11 11
Banchory .. .. .	13 10	15 7
Inverbervie .. .. .	14 3	15 3
Laurencekirk .. .. .	11 9	12 1
Stonehaven .. .. .	16 10	16 9
<b>KINROSS COUNTY</b>		
Landward Area .. .. .	13 6	12 4
Kinross .. .. .	12 11	12 8
<b>KIRKCUDBRIGHT COUNTY</b>		
Landward Area .. .. .	16 4	13 7
Castle Douglas .. .. .	14 11	15 5
Dalbeattie .. .. .	11 8	12 6
Gatehouse .. .. .	15 4	13 4
Kirkcudbright .. .. .	10 7	11 4
New Galloway .. .. .	12 1	13 10

Appendix C—continued

Authority (1)	Estimated true rate required in 1951-52	
	Under the existing law (2)	Under the proposed basis (3)
	<i>s. d.</i>	<i>s. d.</i>
LANARK COUNTY		
Landward Area .. .. .	18 7	17 11
Biggar .. .. .	14 2	15 11
Lanark .. .. .	11 0	12 2
MIDLOTHIAN COUNTY		
Landward Area .. .. .	16 3	14 4
Bonnyrigg .. .. .	15 1	13 11
Dalkeith .. .. .	12 3	11 11
Loanhead .. .. .	16 2	13 5
Musselburgh .. .. .	15 0	14 2
Penicuik .. .. .	13 3	12 0
MORAY COUNTY		
Landward Area .. .. .	11 1	9 11
Burghead .. .. .	9 7	9 0
Elgin .. .. .	14 5	15 3
Forres .. .. .	9 8	10 0
Grantown-on-Spey .. .. .	12 4	13 0
Lossiemouth .. .. .	13 10	11 8
Rothies .. .. .	12 8	12 10
NAIRN COUNTY		
Landward Area .. .. .	16 8	13 1
Nairn .. .. .	14 8	14 6
ORKNEY COUNTY		
Landward Area .. .. .	10 4	10 4
Kirkwall .. .. .	12 8	13 3
Stromness .. .. .	11 4	13 11
PEEBLES COUNTY		
Landward Area .. .. .	18 3	17 5
Innerleithen .. .. .	18 10	16 11
Peebles .. .. .	18 8	18 7
PERTH COUNTY		
Landward Area .. .. .	14 1	12 11
Aberfeldy .. .. .	12 11	13 7
Abernethy .. .. .	15 3	12 1
Alyth .. .. .	14 4	13 2
Auchterarder .. .. .	15 8	14 2
Blairgowrie .. .. .	12 11	12 1
Callander .. .. .	16 0	16 10
Coupar-Angus .. .. .	15 3	13 9
Crieff .. .. .	14 9	15 7
Doune .. .. .	15 2	15 1
Dunblane .. .. .	17 4	17 3
Pitlochry .. .. .	16 2	17 0

Appendix C—continued

Authority (1)	Estimated true rate required in 1951-52	
	Under the existing law (2)	Under the proposed basis (3)
<b>RENFREW COUNTY</b>	<i>s. d.</i>	<i>s. d.</i>
Landward Area .. .. .	15 9	14 7
Barrhead .. .. .	17 0	13 10
Gourock .. .. .	16 0	15 4
Johnstone .. .. .	17 2	12 7
Renfrew .. .. .	13 10	13 1
<b>ROSS AND CROMARTY COUNTY</b>		
Landward Area .. .. .	16 11	13 7
Cromarty .. .. .	14 1	16 3
Dingwall .. .. .	14 7	17 1
Fortrose .. .. .	12 1	14 10
Invergordon .. .. .	17 3	20 9
Stornoway .. .. .	11 5	14 2
Tain .. .. .	14 0	16 2
<b>ROXBURGH COUNTY</b>		
Landward Area .. .. .	17 9	14 1
Hawick .. .. .	16 9	15 3
Jedburgh .. .. .	17 2	14 4
Kelso .. .. .	15 0	14 6
Melrose .. .. .	16 7	15 6
<b>SELKIRK COUNTY</b>		
Landward Area .. .. .	15 8	12 2
Galashiels .. .. .	18 5	17 3
Selkirk .. .. .	17 8	15 10
<b>STIRLING COUNTY</b>		
Landward Area .. .. .	15 9	14 10
Bridge-of-Allan .. .. .	12 8	14 9
Denny and Dunipace .. .. .	13 6	13 8
Grangemouth .. .. .	12 4	14 9
Kilsyth .. .. .	13 8	13 9
<b>SUTHERLAND COUNTY</b>		
Landward Area .. .. .	18 3	18 0
Dornoch .. .. .	14 2	15 5
<b>WEST LOTHIAN COUNTY</b>		
Landward Area .. .. .	14 9	13 6
Armadale .. .. .	20 1	19 9
Bathgate .. .. .	11 9	12 7
Bo'ness .. .. .	14 5	14 11
Linlithgow .. .. .	12 5	13 1
Queensferry .. .. .	13 4	13 6
Whitburn .. .. .	15 5	14 3
<b>WIGTOWN COUNTY</b>		
Landward Area .. .. .	14 3	11 11
Newton-Stewart .. .. .	11 8	13 3
Stranraer .. .. .	13 6	13 9
Whithorn .. .. .	16 1	12 7
Wigtown .. .. .	17 0	15 3
<b>ZETLAND COUNTY</b>		
Landward Area .. .. .	19 11	14 11
Lerwick .. .. .	14 6	19 1

## Appendix D

Areas in which the scheme proposed in the report would have meant a loss in the year 1951-52 equivalent to a rate in excess of one shilling in the £.

Ballater	Kingussie
Banchory	Lanark
Biggar	Lerwick
Bridge of Allan	Lochmaben
Cromarty	Lockerbie
Dingwall	Markinch
Dornoch	Moffat
Dunoon	New Galloway
Duns	Newton Stewart
Findochty	Oban
Fortrose	Stornoway
Fort William	Stromness
Grangemouth	Tain
Invergordon	Wick
Keith	